DOCUMENT RESUME

ED 179 898 CG 014 043

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TITLE Manpower Planning and Mandatory Retirement: Is the Older Worker Incompetent?
PUB DATE 5 Sep 79
NOTE 15p.: Paper presented at the Annual Convention of the American Psychological Association (87th, New York, NY, September 1-5, 1979)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS Ability: Employment Patterns: Employment Projections: *Futures (of Society): Labor Force: *Manpower Utilization: *Older Adults: Performance Factors: Psychological Characteristics: *Retirement: Trend Analysis: *Work Life Expectancy
IDENTIFIERS *Aging

ABSTRACT

The general disposition and effects of prevailing manpower policies and programs for the elderly in the United States suggest that mandatory retirement will eventually be replaced by flexible retirement with no age limit. Inflationary trends may be possible causal factors which reduce post-retirement incomes, increase the age of the work force, and create public opposition to mandatory retirement. Research on the psychological/occupational capacities of older individuals, necessary because negative stereotypes regarding the abilities of older persons abound, suggests that the occupational capabilities of most workers should not be negatively affected by aging for many years past age 65. Specific personnel policies are needed to deal with an increased use of older workers, including career development programs and flexible work arrangements. Corporate planners should use any future movement to flexible retirement as a stimulus for increased utilization of important formal planning procedures. (Author)

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Manpower Planning and Mandatory Retirement: Is the Older Worker Incompetent?

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Presented as part of a symposium, D. Baugher (Chair), "Growing Old in America: Psychological and Policy Issues," sponsored by the Society for the Psychological Study of Social Issues at the Annual Convention of the American Psychological Association, New York City, September 1-5, 1979.

CG 014043

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Manpower Planning and Mandatory Retirement: Is the Older Worker Incompetent?

The attitude of personnel planners toward older employees has generally been unfavorable. Misconceptions about the performance capabilities of older workers abound (McTavish, 1971) while mandatory retirement policies which foster a negative stereotype of the older worker have been endorsed by governments, unions, and corporations in the United States for the past twenty years. The present paper considers the disposition and effects of prevailing manpower policies and programs for the elderly and appraises the future utility of mandatory retirement. It proposes that inflationary trends reducing post-retirement incomes, the aging of the work force, and public opposition will foster a replacement of mandatory retirement by flexible retirement with no age limit in the future. It submits, however, that the common negative stereotype of the older worker could hinder this change in manpower policy. As a consequence, what is known about age-related changes in psychological processes that may affect worker performance is briefly summarized. The general implications of these changes for movement to flexible retirement with no age limit are also outlined. Information regarding the physical or sensory capabilities of older workers is not offered but is available in the presentations of other symposium participants (Banziger, 1979; Wittenborn, Jr., 1979).

Manpower Policy and the Older Worker

Today, only one man in five (1.8 million) and one woman in twelve (1.1 million) remain employed after age sixty-five while almost one man in two of all men sixty-five and older remained in the work force in 1948 (Brotman, 1978). Mandatory retirement policies seem partially responsible for this decline in the employment status of the elderly (Batten and Kastenbaum 1976).

A survey conducted during the mid-sixties indicated that only 25 percent of over 1000 employment locations maintained for all workers flexible retirement policies with no upper age limit. Furthermore, these locations were mainly small companies with little influence while unions and large companies encouraged strict compliance with compulsory retirement policies (Slavick, 1966). Outright age discrimination and negative stereotyping of the older worker have also played a role. For example, many older workers have been replaced by advancing technology because companies have decided not to train them for related positions (Estes, 1979).

The availability of increased Social Security retirement benefits and liberal pensions have also had a potent limiting effect on the employment status of the elderly. The post-retirement incomes of workers with pension coverage is typically 60 percent of final salary but may be as great as 100 percent (Jones, 1978). Such benefits foster early retirement in some instances and the acceptance of mandatory retirement in other instances by reducing the economic shock of disengagement from the work force. While there is nothing wrong with early or normal retirement for those employees who have grown tired of working, mandatory retirement policies can make it difficult for these individuals to pursue a second career later in life. Moreover, large post-retirement incomes provided by pensions may ease workers into the belief that there comes a point in life when they can or should be "unproductive." Such an attitude is counter-productive and can foster a sense of uselessness in retirees.

Typically, younger workers have not considered issues of mandatory retirement, pensions, or Social Security benefits (West, 1970). Yet, huge variations in pension benefit levels and spotty coverage can be found in

many systems (Samuelson, 1978). Moreover, high inflation rates continue to devour the pension and Social Security retirement incomes of all workers with cost of living adjustments understating the impact of inflation on retirees at all budgetary levels (Lamale, 1978). Furthermore, 34 percent of all non-agricultural employees are not covered by public or private pensions (Sweeney, 1975). These individuals must rely on Social Security retirement benefits, asset income, and part-time work to maintain an adequate post-retirement income. Yet, the annual asset income of retirees is very small at less than 500 dollars from mid-1968 to mid-1970 (Social Security Administration, 1976) and Social Security does not make it feasible to work much after retirement without a loss of benefits. As such, many younger workers can not be too sure of the adequacy of their post-retirement income and may have to work to supplement it, given present inflationary trends (Munnell, 1974). Mandatory retirement policies conflict with this need.

Fortunately, the Age Discrimination in Employment Act Amendments of 1978 delivered a much publicized attack on mandatory retirement policies. This Federal law, sponsored mainly by Republican Claude Pepper, has brought the problems of retirement and older workers into the limelight. The national coverage of this law has caused many workers to think about the implications of mandatory retirement and the adequacy of their post-retirement incomes. Still, this law which took effect on January 1, 1979, did not eliminate mandatory retirement for all workers. Non-Federal employees over the age of 70 and/or those employed in establishments with fewer than 20 full-time workers may still be discriminated against on account of age. Certain top executives and certain college professors may also be discriminated against. Moreover, any economic benefits in terms of increased employment and income possibilities

which may accrue from these reforms may not help all workers equally. Black older workers, members of other minority groups, women and low wage earners may benefit less than white males. Many of these workers are in positions which are not subject to the new mandatory retirement provisions and have smaller post-retirement incomes than those covered (Kingson, 1978). In fact, the actual effect of this law may be more symbolic than concrete. At least for the next few years, it appears that only 200,000 workers annually will continue working past age sixty-five as a result of the law (Singer, 1978).

The limited effect of this Federal law and the possible inadequacy of the post-retirement incomes of many retirees are disconcerting. They suggest that continued emphasis on mandatory retirement at any age will cause many retirees to rely on the government for aid long before any physical infirmity would promote such an outcome. Furthermore, any additional reliance of the elderly on the government for aid could foster increased negative views of them by the working population (Estes, 1979). Fortunately, flexible retirement with no upper age limit could eliminate some of these problems in an entirely humanistic way, by allowing capable workers who need to work to continue.

Of course, such social or humanistic concerns may not be sufficient to move personnel planners completely away from mandatory retirement. Corporate planners tend to be a practical breed and know that mandatory retirement offers a number of practical administrative advantages. Traditionally, mandatory retirement has assured a predictable turnover of older employees and, in turn, allowed Equal Employment Opportunity (EEO) requirements to be fulfilled more easily. It has also helped create jobs for younger workers in situations where unemployment has been high. However, the labor force is

aging (Johnson, 1976). Rough estimates of changes in the ratio of active workers to retirees certainly portend future manpower difficulties. Today the ratio is six to one while in 50 years it will be three to one (Jones, 1978). Older workers will have to fill manpower shortages in the future! Moreover, it appears that a very large proportion of the working force is against any form of mandatory retirement. The 1974 National Council on the Aging/Harris poll found that 86 percent of a national sample of the public agreed that "nobody should be forced to retire because of age if he wants to continue working and is still able to do a good job." A 1974-75 survey of public and private sector leaders in Los Angeles County produced similar results (Fritz, 1978). In sum, the practical reasons for continuing mandatory retirement are lessening. As a consequence, flexible retirement policies with no age limit may soon enter the minds of many judicious personnel planners with the complete elimination of mandatory retirement soon to follow.

The Psychological/Occupational Capabilities of Older Workers

In order to adapt to flexible retirement policies which take into consideration individual differences in the abilities and attitudes of workers, personnel planners must develop a better understanding of the older worker. Negative stereotypes which may impede movement to flexible retirement with no upper age limit must be shirked in favor of research on the relevant capabilities of older employees.

Gerontological investigations in laboratory settings suggest that the elderly do not often conform to our negative stereotype of them as incompetent. Significant, though modest, declines in the performance components of intelligence have been reported for older subjects (Botwinick, 1973; Jarvik, Kallmann, and Falek, 1962). However, the amount of loss in general intellectual

functioning with old age appears minimal (Eisdorfer, 1963; Savage, Britton, Bolton, and Hall, 1973). Older persons often respond cautiously in learning situations (Haberlandt, 1973; Schaie, 1975; Welford, 1958) but the learning difficulties that most older people encounter appear correctable (Plemons, Willis, and Baltes, 1978). For example, providing self-paced instruction and concrete stimuli may be useful. Older persons exhibit slowed reaction times but individual differences in response are large (Botwinick, 1973; Jarvik and Cohen, 1973) and few occupations require maximal reaction time for adequate performance.

Research on the actual occupational performance of older workers is also generally positive although studies of workers older than 65 are extremely rare. It seems that most older workers should be able to perform competently well past the age of 65, except when they are in jobs with stressful physical demands (Baugher, 1978). In general, the performance of white- and blue-collar workers should be unaffected by age over long time spans (Rosenblum and Sheppard, 1977). Moreover, any age-related declines in total occupational capacity will not necessarily cause the job performance of older workers to fall below "expected" standards of achievement. Few jobs require 100 percent of capacity and, as indicated in Figure 1 (from Welford, 1958, p. 11), decline in capacity prior to the required standard is generally unimportant.

Insert Figure 1 about here

Of course, the physiological-experiential demands of occupations do differ considerably (Baugher, 1978; Welford, 1958). Some positions require a large proportion of physical or biological capacity (e.g., coal miner, boxer) and workers in these positions might exhibit performance decrements relatively

early in their careers. Still, other positions require a great deal of experience before adequate standards of achievement are met (e.g., research scientist). Persons in these positions might be expected to "get better" with age but rapid increases would diminish around age 50 since few new work experiences are likely to occur and much will be forgotten. Still, other positions may draw upon relatively moderate but equal portions of experience and physical capacity (e.g., plumber). Performance for these workers might decline with age but more slowly than that of workers in physically demanding positions because experience can to some extent make up for any declines in physical capacity. Adequate personnel planning techniques should take into consideration these theoretical possibilities in attempting to understand the performance capacities of older workers. Further research on the performance of older workers in appropriately selected positions could then validate or invalidate these notions and provide very useful information to personnel planners.

Summary and Implications

The replacement of mandatory retirement with flexible retirement with no age limit is on the horizon. Personnel planners must prepare for this outcome by determining how employment opportunities can be provided to retirees and older workers. The social value of such a change in policy seems apparent. Flexible retirement could benefit the Social Security System by deferring the age at which benefits are paid out and increasing the years in which workers pay into the system. Such a policy would also allow "disadvantaged" workers to continue to work and reduce the dependency of the elderly on society for support. Advantages to the organization can also accrue as long as "favoritism" is minimized in employment decisions. Older workers represent

a varied resource with many years of training and experience. The proper utilization of this resource could be quite beneficial.

Fortunately, research on the capabilities of older workers suggests that most workers should be able to perform competently well past the age of 65. Of course, the physiological demands of jobs do differ and it can be expected that as workers grow older they will be attracted to jobs involving fewer physical requirements (Baugher, 1978; Welford, 1958). In some instances, employers will have to counteract performance problems with training or second career preparation. Employers can easily prepare for this possibility while at the same time recognizing that there are huge individual differences in the capacities and attitudes of older employees. Certainly, career planning which anticipates possible declines in physical capacity with age or diminished interest in work can be undertaken. Employees can be prepared for the changes that do occur with age and educated about those that do not. Moreover, older workers can be assigned to positions markedly different from positions held before. There is no reason to suspect that they are incapable of acquiring new skills which are within their physical capacities but like all workers they must be motivated by an adequate training setting.

The individual employment needs of workers will, of course, vary. Some workers will want less complex jobs in order to "wind down" while others will want continued advancement in sophisticated fields to keep them interested in work. The economic needs of older employees will also have to be considered. Some workers will require larger salaries than others and full-time work. Others will require part-time work and less compensation. Fixed work schedules may appeal to some while flexible programs may make better sense to others. Luckily, the options available to imaginative personnel planners for

using older workers are vast.

Lastly, corporate personnel officers can make use of the impending need to use the services of older workers to stimulate a sophistication of their formal planning policies. Typically, most companies in the private sector have only paid "lip service" to formal planning procedures. Yet, these procedures make good sense. They would include the development of highly refined performance evaluation systems in which appraisals are fair and effective. In addition, skills and management inventories would be maintained for all employees. All workers could, then, be prepared for present and future jobs in the company. In short, the possible elimination of mandatory retirement should not be seen as a problem but rather as a challenge by personnel planners. It can provide the necessary impetus for "future-oriented" personnel activities and such an orientation is a crucial element in the development and maintenance of personnel and organizational effectiveness.

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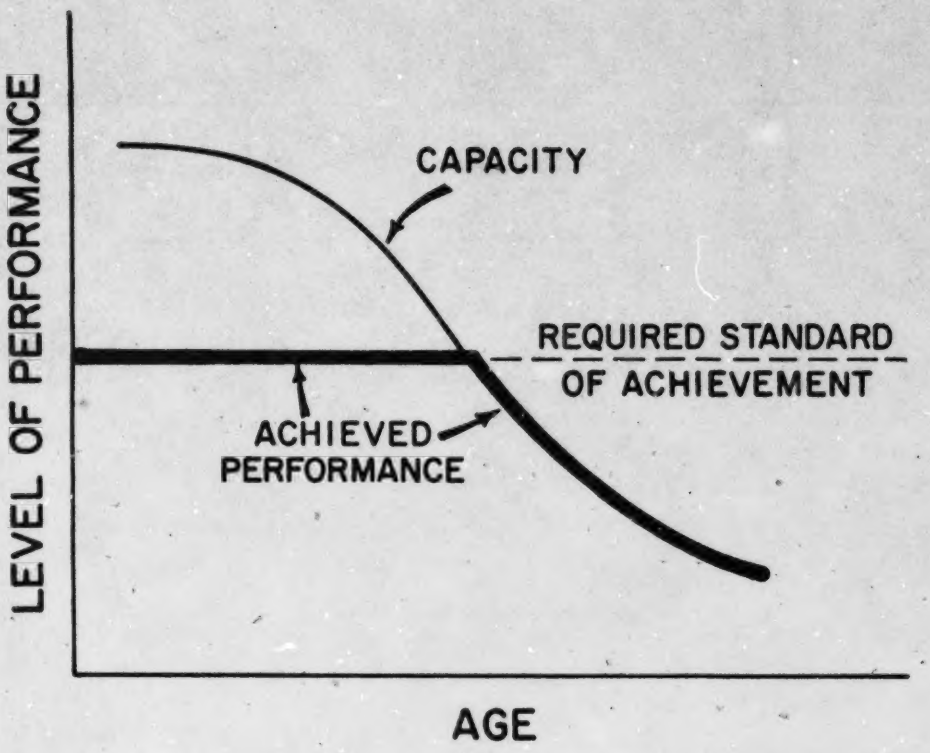

Fig. 1 Relation between capacity and achievement when a limiting factor is present

(A. T. Welford, From Ageing and human skill. London, England: Oxford University Press, 1958.)